

MANAGEMENT CHALLENGES AND HIGH-RISK AREAS

The following table lists (by strategic goal) the major management challenges and high-risk areas identified by the Government Accounting Office (GAO), the Treasury Office of Inspector General (OIG), and/or the Treasury Inspector General for Tax Administration (TIGTA), facing the Department of the Treasury. See referenced pages for a description of our efforts during FY 2001 to address the issues.

Management Challenge/High-Risk Area	Page
E1. Promote Domestic Economic Growth	
<i>Safety and Soundness of the Banking and Thrift Industries (OIG):</i> The OCC and OTS face a challenge because the economic downturn may pose added risks to the banking and thrift industries they supervise. Other challenges may arise from industry changes resulting from the Gramm-Leach-Bliley Financial Services Modernization Act of 1999.	C-3
E2. Maintain U.S. Leadership on Global Economic Issues	
<i>Regulation of Commercial Trade and Trade Enforcement (GAO and OIG):</i> The automated system Customs uses to process merchandise is outdated and unable to keep up with trade demands.	C-3
F4. Collect Revenue Due to the Federal Government	
<i>Revenue Protection by ATF and USCS (OIG):</i> Stronger internal controls and systems improvements are needed at both ATF and USCS to increase revenue collected.	C-3
<i>Internal Revenue Service Modernization (GAO and TIGTA):</i> IRS's operations are facing various issues and challenges in transitioning to its new structure. Substantial work remains for IRS's modernization before expected results are achieved.	C-3
<i>Financial Management Affecting Treasury's Role as Fiscal Agent (GAO):</i> Improvements are needed in collecting delinquent debt owed to the Government, computer security controls, and preparing reliable U. S. financial statements.	C-4
<i>Processing Returns and Implementing Tax Law Changes During the Tax Filing Season (TIGTA):</i> Implementation of computer programming changes, reduction of tax form complexity and taxpayer burden, and other related issues remain a challenge for the IRS.	C-4
<i>Providing Quality Customer Service Operations (TIGTA):</i> The level of customer demand on toll-free lines during the FY 1999 filing season was not satisfactorily managed. In person service remains an important part of providing quality customer service.	C-4
<i>Taxpayer Protection and Rights (TIGTA):</i> Compliance with taxpayer rights requirements of the IRS Restructuring and Reform Act of 1998 remains a challenge.	C-5
<i>Impact of the Global Economy on Tax Administration (TIGTA):</i> Internal control and systemic weaknesses in the IRS's administration of international programs remain a challenge.	C-5
<i>Internal Revenue Service Modernization (GAO and TIGTA):</i> Improve collection of unpaid taxes.	C-6
<i>Revenue Protection - Minimizing Tax Filing Fraud/Improving Earned Income Credit Compliance(GAO and TIGTA):</i> IRS needs to continue efforts to minimize filing fraud, especially in the Earned Income Credit program.	C-6
<i>Customer Service and Tax Compliance Initiatives (TIGTA):</i> IRS is faced with the challenge of adequately maintaining customer service while at the same time properly managing compliance resources and processes.	C-7
LE1. Reduce Violent Crime and the Threat of Terrorism	
<i>Violent Crime/Gun Control (OIG and GAO):</i> Violent crime remains a serious problem in the United States, and measuring Treasury's impact remains a challenge.	C-7
LE2. Combat Money Laundering and Other Financial Crimes	
<i>Money Laundering/Bank Secrecy (OIG):</i> Treasury needs to continue to combat money laundering worldwide through enhanced law enforcement, improved banking supervision, and international cooperation.	C-7

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M1. Support the Achievement of Business Results	
<i>Information Security (GAO, OIG and TIGTA):</i> Treasury needs to improve the security of its information technology to protect information and data from physical and electronic threats.	C-8
<i>Information Technology Investment Management (OIG):</i> Improvements are needed in capital planning, investment controls, project management, systems development, and performance measurement of IT investments.	C-9
<i>Implementation of GPRA (OIG):</i> Treasury faces a continuing challenge in collecting and managing reliable performance data. In order to accurately report financial data and evaluate program performance, better management of cost accounting is needed.	C-9
<i>Compliance with Federal Financial Management Improvement Act of 1996 (FFMIA) (GAO, OIG, and TIGTA):</i> Treasury is not in substantial compliance with the requirements of FFMIA. Financial systems are not adequately integrated to support fiscal management of program delivery as well as budget execution functions and internal and external financial reporting requirements.	C-10
<i>Internal Revenue Service Modernization (GAO and TIGTA):</i> Balanced Measures -- IRS will need to develop measures of its progress toward improving customer service.	C-10
<i>Implementation of the Government Performance and Results Act of 1993 by IRS (TIGTA):</i> IRS needs to improve their performance measures and data quality.	C-11
<i>Internal Revenue Service Modernization (GAO and TIGTA):</i> Correct ongoing financial management weaknesses.	C-11
<i>Internal Revenue Service Modernization (GAO and TIGTA):</i> Implement effective systems modernization management controls and establish a stable program management organization for the IRS's systems modernization efforts.	C-12
<i>Treasury's Asset Forfeiture Program (GAO):</i> The Asset Forfeiture Program faces inadequate information systems and financial management weaknesses, including problems with accountability over seized assets.	C-12
<i>Strategic Human Capital Management (GAO):</i> Shortcomings involve lack of human capital planning and organizational alignment; leadership continuity and succession planning; acquiring and developing staffs whose size, skill, and deployment meet agency needs; and creating results-oriented organizational cultures.	C-13